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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/759,145

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Neil C. Schoen

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EXAMINER

SUBRAMANIAN, NARAYANSWAMY

ART UNIT

PAPER NUMBER

3695

MAIL DATE

DELIVERY MODE

05/04/2009

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

10/759,145

Applicant(s)

SCHOEN, NEIL C.

Examiner

Narayanswamy Subramanian

Art Unit

3695

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 16 March 2009.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 7-12 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 7-12 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/S509)
Paper No(s)/Mail Date _____
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____

DETAILED ACTION

1. This office action is in response to applicant's communication of March 16, 2009.

Cancellation of claims 1-6 and addition of new claims 7-12 have been entered. Claims 7-12 are pending and have been examined. The rejections and response to arguments are stated below.

Claim Rejections - 35 USC § 112

2. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

3. Claims 7-12 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention. These claims recite in the preamble "An article of manufacture, a physical document, in the form of a fraction of the title to (or equivalently, a fraction of a deed of trust to) the land and dwelling of individual single-family homes". Claim 8 also recites "An article of manufacture, according to claim 7, created with or without the use of a computer". However there is no written description of any "An article of manufacture, a physical document" or "An article of manufacture created with or without the use of a computer" in the specification as originally filed.

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

5. Claims 7-12 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 7-12 recite the limitation “An article of manufacture, a physical document, in the form of a fraction of the title to (or equivalently, a fraction of a deed of trust to) the land and dwelling of individual single-family homes”. It is not clear to which statutory class the invention belongs. Even though the claims recite an article of manufacture, the claims are in fact drawn to a contract or a negotiable instrument between two parties. The fact that the contract is printed on a physical document does not change the statutory classification of the claimed invention. A contract or a title as claimed does belong to any of the statutory classes as defined by the statute.

There are several ambiguities in claims 7-12, making the scope of the claims unclear. For instance claim 7 recites “An article of manufacture, a physical document, in the form of a fraction of the title to (or equivalently, a fraction of a deed of trust to) the land and dwelling of individual single-family homes, acquired by a business entity for the purpose of protecting the individual single-family home's equity against loss upon eventual sale, created using the following equations identified in the specification”. It is not clear how a physical document can be created using equations. This claim also recites the limitation “For $\$HPV > 0$ (price appreciation above the average trend line), $F\%$ can be a function of several variables, is set by agreement of the buyer, but always ranges between 0 and 1. Usually $F\%$ would be $= 0$ in this case since the owner did better than average appreciation. Figure 4 area labeled "A" shows this case". It is not clear from this limitation as to what is being claimed. Similarly it is not clear as to what is being claimed by the following limitations in the same claim “For $\$HPV \leq 0$, then $F\%$

ranges linearly from 0, when appreciation was average, to 1 when there was no appreciation, and there is some premium return ($\$11R > OJ$). Figure 4 area labeled "B" shows this case" and "The final case is when the homeowner shows a loss on the sale of the home; that is, when $(\$SP - \$PP) O$, then the return $\$11R - (\$PP - \$SP)$ which guarantees that the homeowner suffers no loss of principle on the sale. Another option is to collect the premium in a lump sum, but this usually will increase the mortgage value (if the owner can't come up with the extra money), upon which the homeowner is paying interest charges".

Similar ambiguities are present in the dependent claims 8-12. Applicant is requested to make appropriate corrections in their response to this office action.

In view of these ambiguities, the Examiner is unable to provide art rejections for these claims.

Claim Rejections - 35 USC § 101

6. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

7. Claims 7-12 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory Subject matter.

35 USC 101 requires that in order to be patentable the invention must be a **"new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof"** (emphasis added).

An "article of manufacture, a physical document, in the form of a fraction of the title to (or equivalently, a fraction of a deed of trust to) the land and dwelling of individual single-family

homes” does not belong to any of the above statutory classes as discussed in the 112 rejections above. Even though the claims recite an article of manufacture, the claims are in fact drawn to a contract or a title or a negotiable instrument between two parties. The fact that the contract is printed on a physical document does not change the statutory classification of the claimed invention. A contract or a title as claimed does belong to any of the statutory classes as defined by the statute.

Also the steps of the method, for creating the alleged article of manufacture, are untied to another category of statutory subject matter and hence the claimed method of the invention does not qualify as a process under 35 U.S.C 101.

Claims 7-12 of the disclosed invention is inoperative and therefore lacks utility. These claims lack structure because there are not tied any other class of invention. The means for functions are nothing but mental steps and hence lack structure. From a process point of view, these claims are not statutory. Claims 7-12 recite a process comprising the steps of creating, securing, and providing. Based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)). Since neither of these requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplished the method steps or positively reciting the subject matter that is

being transformed, for example by identifying the material that is being changed to a different state.

Response to Arguments

8. Applicant's arguments with respect to pending claims have been considered but are moot in view of the new ground(s) of rejection.

Conclusion

9. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Narayanswamy Subramanian whose telephone number is (571) 272-6751. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Charles R. Kyle can be reached at (571) 272-6746. The fax number for Formal or Official faxes and Draft to the Patent Office is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PMR or Public PAIR. Status information for unpublished applications is available through Private PMR only. For more information about the PMR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

/Narayanswamy Subramanian/
Primary Examiner
Art Unit 3695

May 4, 2009